

Response to Council November 8, 2010

- *Equipment Rental Funds A & B what do they stand for?*

Answer: Operations (A Fund) and Equipment Rental – Replacement (B Fund) will be reflected in future versions of the budget.

- *What is the amount owing on the City Hall bonds, 1998 LTGO?*
- *Can we see the bond detail?*

Answer: The bonds that were used to fund City Hall were issued in 1995, and refunded (refinanced) in 1998. The bond payment schedule from 2010 is as follows:

City Hall portion of 1998 LTGO				
Bond Schedule				
	Principal	Interest	Total D/S	O/S Balance
2010	\$ 345,591	\$ 71,673	\$ 417,264	\$ 1,319,864
2011	360,297	57,159	417,456	959,567
2012	375,003	41,846	416,849	584,564
2013	286,767	25,721	312,488	297,797
2014	297,797	13,103	310,900	-

- The interest rate ranges from 4.2% to 4.4% depending on the year of repayment.
 - Payoff amount as of 11/2010 is \$1.7MM
 - 100% of these fund are paid out of Special Capital/Parks Acquisition - Fund 126
- Explain what is included in the Hotel Motel Tax - Fund 120 (pg 51), Professional Services, Miscellaneous, Advertising and Interfund Transfers in.

Answer:

- Professional Services – includes services such as designing, website hosting, and creation and distribution of rack brochures. For year 2011, the \$20,000 increase relates to the LTAC Committee's authorization to use LTAC funds for tourism website development and website related activities, including \$5,000 in matching funds for a Preserve America grant. This is a one-time expense for year 2011.
- Advertising – includes a variety of advertising strategies for attracting tourists. Examples include posting ads in travel magazines, on-line promotions, and participation in co-op advertising with Snohomish County and other cities in various publications such as the Official Washington State Tourism Travel guide, Airline magazines, Sunset Magazine, Coastal Living, etc.
- Miscellaneous – includes printing costs and memberships such as Washington Festivals and Events Association.

- iv. Interfund Transfers In – this category should actually be defined as Interfund Transfers Out. In 1985, City Council Resolution 630 directed that 25% of Fund 120 revenues be transferred to Fund 123 to promote cultural tourism of Edmonds. The Arts Commission grants approximately \$10,000 each year to local cultural organizations for tourism promotion purposes (grant allocations are approved by the City Council). In the early 1990s, the City Council authorized an additional annual transfer of \$4,000 to Fund 117 (Municipal Arts Fund) to ensure that the Arts Commission continues to present free summer concerts in the park.
- Isn't there an enabling ordinance which I believe directs the LTAC to put together a recommended budget to Council for consideration? What action, if any, does the LTAC need to take to 1) make a budget recommendation for this year, if any, and 2) make a budget recommendation for the ECA funds?

Answer:

1. LTAC recommended budget – The LTAC recommended budget is forwarded for City Council consideration as part of the Mayor's recommended budget. The LTAC recommended budget is reviewed by the City Council as part of the overall budget process. Although the City Council member chairs the committee, any Council questions about the proposed LTAC budget are answered during the Council review of the whole budget.
2. Edmonds Center for the Arts (ECA) (this item is not related to a recent ECA request for funds to help pay debt service on a bond) – The request for funding, albeit approved by LTAC, is forwarded to the City Council in the form of a negotiated contract between the City and ECA. This allows the City Council to review the terms of the contract and grant approval. An example includes what took place in March of this year. As a part of the Lodging Tax Advisory Committee's budget review, the Committee approved allocating \$10,000 to the Edmonds Center for the Arts to place advertising in their 2010/2011 season brochure to promote cultural events and lodging in downtown Edmonds. In March of this year, the City Council authorized the Mayor to sign a City of Edmonds Lodging Tax Committee Tourism Promotion Agreement granting the Edmonds Center for the Arts \$10,000.

- Pg 43 – Non-Departmental Budget: Why is 1996/2003 Public Safety Principal line increasing every year?

Answer: As the bonds grow closer to maturity, the annual bond payment contains more principal and less interest (note the decrease in the 1996/2003 Public Safety interest line). See the excerpt of the bond schedule below.

1996/2003 Public Safety UTGO Bonds				
Bond Schedule				
	Principal	Interest	Total D/S	O/S Balance
2009	\$ 640,000	\$ 199,084	\$ 839,084	\$ 5,660,000
2010	670,000	183,084	853,084	4,990,000
2011	715,000	162,984	877,984	4,275,000
2012	755,000	140,640	895,640	3,520,000
2013	800,000	116,103	916,103	2,720,000
2014	855,000	91,303	946,303	1,865,000
2015	905,000	64,370	969,370	960,000
2016	960,000	33,600	993,600	-

- Can you include 2009 actuals and current 2010 actuals in Exhibit 4A, released with FAQ 10-18-2010?

Answer: Exhibit 4A was modified to include 2009 actuals and 2010 actuals (as of 7/2010, per Council request), and released with the 10/27/2010 Supplementary Information.